

Policy and Sustainability Committee

10.00 a.m. Tuesday, 25 February 2020

Audit Scotland Briefing: Preparing for withdrawal from the European Union

Executive/routine
Wards
Council Commitments

1. Recommendations

- 1.1 To note the report from Audit Scotland and the continuing work across the Council to plan for and mitigate risks associated with the UK withdrawal from the EU.
- 1.2 To refer the report to the Governance, Risk and Best Value Committee as part of its workplan.

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2. Executive Summary

- 2.1 The United Kingdom left the European Union (EU) on 31 January 2020 and is now in a period of transition until 31 December 2020. During this phase, EU Exit risks continue to be monitored and reviewed, as well as any relevant impacts on the council.

3. Background

- 3.1 In December 2019, Audit Scotland published the attached report highlighting key messages and illustrations of the impact that preparing for withdrawal from the EU has had on public bodies. The report's main focus is on the financial implications, together with some issues that may need to be addressed regarding ongoing preparations for EU withdrawal.

4. Main report

- 4.1 Following the UK Parliamentary General Election on 12 December, the UK Government secured a majority in the House of Commons for the passage of the EU Withdrawal Agreement Bill (WAB). During the transition period until 31 December 2020, the UK continues its trading relationship with the EU and follows the EU's rules. The Prime Minister has stated that there will be no extension of the transitional period beyond December 2020.
- 4.2 In preparation for the UK withdrawal from the EU, and with particular regard to the possibility of a "No Deal Brexit", the City of Edinburgh Council established a Cross Party, Elected Members Brexit Working Group, chaired by the Leader of the Council and supported by key officers. The remit of the Brexit Working Group includes issues relating to personnel, vulnerable people, procurement, funding and resilience. The Brexit Working Group continues to meet during the transition period to monitor the situation and any relevant impacts.
- 4.3 Preparations for Brexit have also featured on the agenda for the Council Leadership Team (CLT). As part of these preparations, the Council EU Exit Risk Register,

coordinated by the Council's Resilience service in conjunction with all service areas and key functions, is being regularly reviewed and signed off by CLT. The Resilience service has also established and chaired the Council Resilience Group Brexit Resilience Working Group to progress preparedness and contingency arrangements in the event of a "No Deal Brexit".

- 4.4 On 23 December 2019, the Scottish Government advised that the UK Government had formally stood down resilience planning for the potential disruptions arising from a "No Deal Brexit" (Operation Yellowhammer) on condition that such arrangements may require to be re-activated if deemed necessary.

5. Next Steps

- 5.1 The circumstances and potential effects regarding the UK withdrawal from the EU remain uncertain and are subject to change. The Cross Party Brexit Working Group, the Council Leadership Team and the Council Resilience Group Brexit Working Sub Group continue to meet and monitor developments.
- 5.2 The council continues to consider a range of issues as part of its ongoing monitoring of issues, contingency planning and risk management associated with the EU Exit, which align with the suggested considerations for public bodies outlined in Audit Scotland's 'Preparing for withdrawal from the European Union':
- lessons identified to date
 - risk monitoring and review, including identification of any new risks, including medium and long-term financial impacts and planning
 - support to EU / EEA colleagues
 - workforce planning and pressures, including those of partners
 - supply chain management
 - post-withdrawal work adaptations

6. Financial impact

- 6.1 Appendix 1 of the Audit Scotland Report sets out Scottish Government spending on preparations for EU withdrawal. One entry states that £50k has been allocated to each Local Authority for ongoing local coordination work on EU exit preparedness.

7. Stakeholder/Community Impact

- 7.1 The effect of the UK's withdrawal from the EU is likely to have an impact on a wide range of stakeholders and communities across the UK. The Audit Scotland report advises that the Scottish public sector will need to manage the transition to new partnership or trade arrangements, a different economic context, new funding

mechanisms and legislation against a backdrop of demographic changes and potential adjustments to public finances.

8. Background reading/external references

- 8.1 Report to Corporate Policy and Strategy Committee, 7 August 2018, Managing Transition to Brexit in Edinburgh

https://democracy.edinburgh.gov.uk/Data/Corporate/Policy_and_Strategy_Committee/20180807/Agenda/item_716_-_managing_transition_to_brexit_in_edinburgh.pdf

9. Appendices

- 9.1 Audit Scotland Report: Preparing for withdrawal from the European Union

<https://www.audit-scotland.gov.uk/report/preparing-for-withdrawal-from-the-european-union>